A N N U A L R E P O R T

OF THE

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

FOR THE YEAR ENDED

31 MARCH 1987

TO HIS HONOUR

THE HONOURABLE LLOYD G. MACPHAIL

Lieutenant Governor of The Province of
Prince Edward Island

May It Please Your Honour:

I respectfully submit herewith, for the information of Your Honour and the Legislature of Prince Edward Island, the Annual Report of the Crown Building Corporation for the Fiscal year ended 31 March 1987.

I have the honour to be Sir:

Your Obedient Servant,

Robert Morrissey
Minister
Department of Transportation
& Public Works

Charlottetown, P.E.I.
7 March, 1988

P R I N C E E D W A R D I S L A N D

C R O W N B U I L D I N G C O R P O R A T I O N

Charlottetown
Prince Edward Island
March 7, 1988

Honourable Robert Morrissey
Prince Edward Island Crown
Building Corporation
Charlottetown, P.E.I.

Sir:

We have the honour to submit herewith a report of the activities of the Prince Edward Island Crown Building Corporation for the year ended 31 March 1987.

An Act to establish the Prince Edward Island Crown Building Corporation was passed on 5 April 1962. Subsequently, Orders-in-Council appointed successive Presidents and Directors. During the period 1962-66 the Corporation functioned as an administrative and financing agency for the site preparation, planning, design and construction of the Provincial Administrative buildings in Charlottetown, and from 1966 to 1984 the Corporation generally limited its activities to that of financial agency responsible for amoritizing construction costs of the Administrative buildings.

An amendment to the Prince Edward Island Crown Building Corporation Act (RSPEI 1974, Cap. C-30), assented to 11 May 1984, enabled the Corporation to plan, design, and construct the buildings, facilities, and equipment necessary to accommodate the veterinary teaching facility, known as the College, to be established as part of the University of Prince Edward Island; and to assume the financial obligation of Prince Edward Island, all pursuant to the Agreement of 3 June 1983, on behalf of the Government of Canada and the Governments of the Provinces of Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland.

Bylaws of the Corporation were approved by the Lieutenant Governor-in-Council 30 August 1984, and; subsequently, amended by-laws were approved 15 November 1984.

Objects and powers of the Corporation were approved by the Lieutenant Governor-in-Council 30 August 1984.

Pursuant to an Agreement of 8 September 1983 between Prince Edward Island and the University of Prince Edward Island, the University conveyed the lands containing approximately 19 acres to the Province for the purpose of construction of all building and parking areas necessary for the College.

During the year ending 31 March 1987 the Board of the Corporation authorized construction and equipment contracts valued at $9,308,304. towards the building of the College. Contracts previously authorized were valued at $20,625,553., thus the total value of work and fixed equipment authorized to 31 March 1987 was $29,933,837.

The Corporation acknowledges with thanks the contributions made by many persons and agencies within the University of Prince Edward Island, the Government of Canada and the Governments of the Atlantic Provinces, and the private sector, all towards the design and construction of the Atlantic Veterinary College.

The audited financial statement of this Report covers details of costs.

Respectfully submitted,

Andrew B. Wells
Secretary/Treasurer
Prince Edward Island Crown
Building Corporation

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 1987

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Crown Building Corporation

I have examined the balance sheet of the Prince Edward Island Crown Building Corporation as at March 31, 1987 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations for the year then ended in accordance with the basis of accounting as disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceeding year.

J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
July 24, 1987

STATEMENT 1

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION
BALANCE SHEET

MARCH 31, 1987
(with comparative figures at March 31, 1986)

ASSETS	1987	1986
CURRENT ASSETS		
Cash	$ 155,276	$ 35
Accounts Receivable - Province of P.E.I.	-	155,250
	155,276	155,285
FIXED ASSETS		
Land - cost	271,340	271,340
Buildings and Equipment - cost - Note 1(a)	6,116,139	6,116,139
	6,387,479	6,387,479
OTHER ASSETS		
Unamortized Bond Discount & Issue Expenses	115,785	121,903
Atlantic Vet College Project - Schedule 1	48,524,630	25,575,454
	48,640,415	25,697,357
	$55,183,170	$32,240,121

LIABILITIES AND SURPLUS	1987	1986
CURRENT LIABILITIES		
Accrued Interest	$ 155,250	$ 155,250
LONG TERM LIABILITIES		
Debentures Payable - Note 2	5,400,000	5,400,000
Less: Sinking Fund - Note 3 (Market value 1987 - $5,959,901 1986 - $5,256,096)	4,949,318	4,314,680
	450,682	1,085,320
Loan Payable - Province of P.E.I. - Note 4	1,103,290	1,109,417
	1,553,972	2,194,737
EQUITY AND LIABILITIES		
Atlantic Vet College Project - Schedule 1	48,524,630	25,575,454
SURPLUS		
Unappropriated		
Net Income - Statement 2	67,500	67,500
Less: Transfer to Sinking Fund Reserve	67,500	67,500
	-	-
Appropriated		
Sinking Fund Reserve		
Balance Beginning of Year	4,314,680	3,741,525
Investment Income - Note 1(b)	567,138	505,655
Sinking Fund Installments	67,500	67,500
Balance End of Year	4,949,318	4,314,680
	$55,183,170	$32,240,121

(Schedule 1 and notes 1 to 10 are an integral part of these financial statements.)

ON BEHALF OF THE BOARD OF DIRECTORS: _____

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AUDITOR GENERAL - CHARLOTTETOWN, P.E.I.

STATEMENT 2

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION
STATEMENT OF INCOME

YEAR ENDED MARCH 31, 1987
(with comparative figures for the year ended March 31, 1986)

	1987	1986
LEASE INCOME - Province of Prince Edward Island net lease - Note 1(a)	$384,118	$384,118
EXPENSES		
Interest	310,500	310,500
Amortization of Bond Discount	6,118	6,118
	316,618	316,618
Net Income for Year	$ 67,500	$ 67,500

(Schedule 1 and notes 1 to 10 are in integral part of these financial statements.)

SCHEDULE 1

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

ATLANTIC VETERINARY COLLEGE PROJECT
BALANCE SHEET

MARCH 31, 1987
(with comparative figures at March 31, 1986)

ASSETS

	1987	1986
Deposit Receipts - Note 6	$ 34,033	$ 1,438,351
Accounts Receivable - Note 7	9,129,988	2,961,743
	9,164,021	4,400,094
Construction in Progress - Note 8	39,360,609	21,175,360
	$48,524,630	$25,575,454

LIABILITIES AND EQUITY

Bank Overdraft - Note 6	$ 255,641	$ 270,311
Accounts Payable and Accrued Liabilities	3,780,059	3,664,873
Note Payable - Province of P.E.I. - Note 9	5,459,114	-
	9,494,814	3,935,184
P.E.I. Contributions - Non-Shareable Project Costs - Note 10	343,580	22,275
Billings to Parties under Cost-Sharing Agreement:		
- Government of Canada	19,529,821	19,074,344
- Province of Prince Edward Island	7,471,002	992,024
- Province of Nova Scotia	6,130,053	813,968
- Province of New Brunswick	4,980,668	661,349
- Province of Newfoundland	574,692	76,310
	38,686,236	21,617,995
	$48,524,630	$25,575,454

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1987

1. Accounting Policies

   (a) No depreciation is being charged against the buildings and equipment.

   (b) The statement of income is on a net lease basis and does not include the interest on Sinking Fund investments. The investment income is shown as a separate item in the Sinking Fund section of the balance sheet.

2. Debentures payable - 5 3/4% Sinking Fund debentures due April 1, 2006, callable at the option of the Corporation on or after April 1, 2001. The debentures are guaranteed by the Province of Prince Edward Island.

3. Sinking Fund investments consist of the following:

	1987	1986
Cash	$ 116,473	$ 3,131
Accrued Interest	161,082	154,496
Debentures	4,671,763	4,157,053
	$4,949,318	$4,314,680

4. The loan payable to the Province of P.E.I. is a non-interest bearing loan with no stated maturity date.

5. A legal claim against the Crown Building Corporation has been made pertaining to the ownership of lands on which both the Jones and Sullivan Buildings are situated as well as part of the parking lot. At the present time, July 24, 1987, the amount of the loss, if any, is not determinable.

6. The comparative figure previously shown as Cash and Deposit Receipts has been reclassified as Deposit Receipts and Bank Overdraft to conform with the financial statement presentation adopted for the current year.

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 1987

7. Following is a breakdown of Accounts Receivable:

	1987	1986
Current:		
Government of Canada	$ 876,483	$ -
Province of Prince Edward Island	7,471,002	992,024
Province of Nova Scotia	201,592	669,536
Province of New Brunswick	163,794	379,339
Province of Newfoundland	9,277	62,769
Other	4,502	33,731
	8,726,650	2,137,399
Holdback - Government of Canada	403,338	824,344
	$9,129,988	$2,961,743

8. In June 1983, the Atlantic Provinces and the Government of Canada signed an agreement to construct a veterinary teaching facility (Atlantic Veterinary College) in Charlottetown as part of the University of Prince Edward Island. The Atlantic Provinces and the Federal Government have agreed to share in the cost of the project to a maximum of $36.5 million in 1983 constant dollars. The Province of Prince Edward Island is responsible for 100% of net project cost overruns. The cost sharing ratios and maximum amounts are as follows:

Canada	50.0%	or	$18,250,000	(in 1983 constant dollars)
P.E.I.	19.5%	or	7,115,000	"
Nova Scotia	16.0%	or	5,840,000	"
New Brunswick	13.0%	or	4,745,000	"
Newfoundland	1.5%	or	547,500	"
	100.0%		$36,497,500	

The P.E.I. Government is responsible for the actual construction of the College and is discharging this responsibility through the Prince Edward Island Crown Building Corporation.

As at this date, July 24, 1987, Project Management anticipates no net project cost overruns.

Ownership of the College was transferred to the University of Prince Edward Island on April 1, 1987.

The College is primarily to benefit the four Atlantic Provinces. Therefore, entrance seats and operating costs will be allocated among the four provinces on a basis as indicated by the "Four Party Agreement".

9. The note payable to the Province of P.E.I. is a promissory note bearing interest at the rate of 10.375% per annum, with no stated maturity date.

10. P.E.I. Contributions - Non-Shareable Project Costs represents the net amount of the following accumulated project-related costs and revenues of the Province of Prince Edward Island which are not shareable under the "Five Party Agreement".

	1987	1986
Non-Shareable Costs:		
Net Interest Expense	$161,900	$ -
Provincial Designate - salary & travel	117,756	96,006
Land for Off-Campus Facility	40,000	-
Legal Fees	20,712	20,132
Accounting Fees	4,300	4,300
Advertising	1,312	944
	345,980	121,382
Less: Non-Shareable Revenues:		
Net Interest Revenue	-	96,707
Sundry Revenue	2,400	2,400
	2,400	99,107
Net Non-Shareable Costs	$343,580	$ 22,275

In addition to the above, during the 1986-87 fiscal year $45,645 was charged in the Province of P.E.I.'s appropriation ledger to the P.E.I. Crown Building Corporation for salary and travel expenses incurred in marketing student seats.